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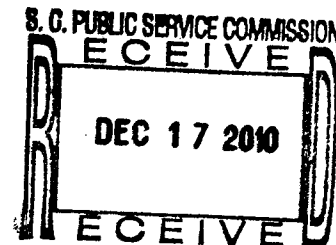
2001-164. w/s

E. DOUGLAS PRATT-THOMAS  
G. TRENHOLM WALKER  
W. ANDREW GOWDER, JR.  
JON L. AUSTEN  
LINDSAY K. SMITH-YANCEY (SC, NC)  
CLAYTON B. McCULLOUGH  
THOMAS H. HESSE (SC, GA)  
IAN W. FREEMAN (SC, CA)  
FRANCIS M. ERVIN II (SC, MA)  
DANIEL S. McQUEENEY, JR.  
JAMIE A. KHAN  
KATHLEEN FOWLER MONOC

December 10, 2010

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Jocelyn Boyd  
Chief Clerk and Administrator  
Public Service Commission  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210



Re: Kiawah Island Utility, Inc. Purchased Water Adjustment Review Request  
Our File No.: 5435.002

Dear Ms. Boyd:

I am writing on behalf of Kiawah Island Utility, Inc. (the "Utility") to request that the Commission review and approve an increase in the Utility's rates for potable water to its customers as a result of an increase in the wholesale cost of potable water it purchases from by St. Johns Water Company to the Utility.

This request for review is submitted according to the procedures set forth in the "Purchased Water Adjustment," copy enclosed, approved by the Commission in its Orders in the Utility's last rate case, Order Nos. 2002-285 and 2002-517. The purpose of this pass-through was to allow a simple procedure for increasing the rates for potable water to the Utility's customers in the identical amount of any increase in the wholesale rate charged to the Utility by St. Johns Water Company. The Commission last approved a similar request in its Order No. 2009-255, copy enclosed.

The Utility is proposing to increase the rate for potable water to all classes of customers in the amount of \$0.06 per thousand gallons. The amount of the increase in the Utility's cost of wholesale potable water imposed by St. Johns Water Company is \$0.053.

In further substantiation of this request I have enclosed a copy of a letter dated December 6, 2010, to me from Becky Dennis, General Manager of the Utility, outlining the basis for the request. The enclosures in her letter include a table showing the current rates and the proposed new rates as well as the background correspondence from St. Johns Water Company documenting the increase in the Utility's cost of wholesale potable water and the background correspondence to St. Johns Water from Charleston Water System.

Charles Terreni  
RE: KIU Water Rate Increase  
December 10, 2010  
Page 2

As you will see from Ms. Dennis' letter, St. Johns Water Company did not give the Utility sixty (60) days advance prior notice of the increase.

The Utility proposes to implement the increase upon PSC approval of its request and the 30-day advance notice to its customers.

In compliance with the Commission's conditions for allowing this increase, the Utility will furnish thirty (30) days prior written notice to its customers of the amount of the adjustment, the basis for it, and the adjustment's effective date.

If you have any questions or anything additional needs to be submitted to accomplish this request, please feel free to call me or Becky Dennis whose telephone number is on the enclosed letter.

With kind regards, I am,

Sincerely,

PRATT-THOMAS WALKER, P.A.

A handwritten signature in black ink, appearing to read "G. Trenholm Walker", written in a cursive style.

G. Trenholm Walker

GTWnjdmd

Enclosures (As noted)

c: F. David Butler, Esq.  
C. Dukes Scott, Esq.  
Florence P. Belser, Esq.  
Becky Dennis  
Townsend Clarkson  
Leonard L. Long, Jr.

## PURCHASED WATER ADJUSTMENT

Kiawah Island Utility, Inc. ("Company") purchases its potable water from the St. John's Water Company ("St. John's"), which in turn purchases the water from the Commissioners of Public Works of the City of Charleston ("CPW"). Whenever CPW increases the price of water sold to St. John's, the increase in price is passed through to the Company pursuant to the water purchase agreement between the Company and St. John's.

The water purchase agreement also provides, as part of the purchased water price, a pro-rata share of St. John's annual operation and maintenance costs to be charged to the Company. Therefore, the Company's revenue requirement for purchased water is made up of the water unit price per thousand gallons and the operation and maintenance costs charged by St. John's.

Accordingly, whenever there is a price adjustment for the purchase of potable water to Kiawah Island Utility, Inc. by the St. John's Water Company, the following billing adjustment shall be made by the Company to its customer rates:

### 1. Billing Adjustment

In the event that St. John's adjusts (whether an increase or decrease) the unit price per 1,000 gallons and/or the operation and maintenance charges related to the purchase of potable water, the following billing adjustment practice would apply:

- (a) If the unit price is adjusted the cost change per 1,000 gallons would be passed through to the customers as an adjustment in like amount to the consumption charge on their water bill.

Example: The unit price of purchased water is increased by two cents per 1,000 gallons. The consumption charge on the customer's bill would reflect a two cent per 1,000 gallon increase.

- (b) Operation and maintenance charges will be examined in the Company's next rate proceeding.

### 2. Notification

Any special billing adjustment shall not be billed until the following conditions are met:

- (a) The Company shall furnish the South Carolina Public Service Commission satisfactory proof of the basis for the adjustment and the billing method to be utilized at least sixty (60) days prior to its proposed effective date.
- (b) The Company shall furnish thirty (30) days prior written notice to the customers affected by the Purchased Water Adjustment advising them of the basis for the billing adjustment and its effective date.

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2001-164-WS - ORDER NO. 2009-255

APRIL 15, 2009

IN RE: Application of Kiawah Island Utility, Inc. for	)	ORDER APPROVING
Approval of an Increase in Its Rates and	)	INCREASE DUE TO
Charges for Water and Sewer Service	)	INCREASE IN
	)	WHOLESALE RATES

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Kiawah Island Utility, Inc. (Kiawah or the Company) for review and approval of an increase in the Company's rates for potable water to its customers as a result of an increase in the wholesale cost of potable water that Kiawah purchases from St. John's Water Company. The request is submitted pursuant to the procedures set forth in the document known as "Purchased Water Adjustment," which was approved by this Commission in Order Nos. 2002-285 and 2002-517. The purpose of the pass-through charges outlined in these documents was to allow a simple procedure for increasing the rates for potable water to the Company's customers in the identical amount of any increase in the wholesale rate charged to the Company by St. John's Water Company. The Commission last approved a similar request by Kiawah in its Order No. 2008-268.

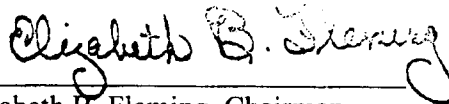
By correspondence filed March 20, 2009, the Company is proposing to increase the rate for potable water to all classes of customers in the amount of \$.082 per thousand gallons, the identical amount of the increase in the Company's cost of wholesale potable

water imposed by St. John's Water Company. In support of this request, Kiawah enclosed a copy of a letter from Becky Dennis, General Manager of Kiawah, outlining the basis for the request, and including a table showing the current rates and the proposed new rates as well as the background correspondence from St. John's Water Company, documenting the increase in its cost of wholesale potable water. Kiawah states that it will furnish thirty (30) days prior written notice to its customers of the amount of the adjustment, the basis for it, and the adjustment's effective date. As advised in letter filed with the Commission April 2, 2009, the Office of Regulatory Staff (ORS) does not oppose the requested increase.

We have reviewed the proposal. Kiawah was not able to give this Commission sixty (60) days notice of the increase, due to the fact that it did not receive notification of the amount of the increase until January 20, 2009. Otherwise, Kiawah complied with the procedure for submitting rate increases due to increases in the wholesale cost of water. Accordingly, we approve the request as filed. Kiawah shall furnish thirty (30) days notice of the increase to its customers as Kiawah outlined in its request.

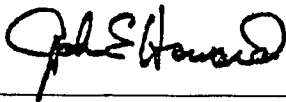
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman

(SEAL)



December 6, 2010

G. Trenholm Walker  
Pratt-Thomas Epting & Walker  
16 Charlotte Street  
Charleston, SC 29403

Dear Mr. Walker:

Kiawah Island Utility, Inc. (KIU) received a letter from the St. Johns Water Company (SJWC) informing us that an increase in rates to their wholesale customers will become effective December 1, 2010.

The current rate for purchased water is \$2.347. The new rate of \$2.40 is an increase of \$0.053 per thousand gallons. This increase on the December 2010 usage will be shown on the January 2011 billings.

Kiawah Island Utility, Inc. (KIU) was unable to give the Public Service Commission a 60-day prior notice of the increase due to the fact that we did not receive the notification of the amount until October 28, 2010.

It is our intent to pass along the increase of \$0.06/thousand gallons to each consumption tier in each class of potable water customer. This will not take place until the PSC approves our request and our customers are given a 30-day advance notice of the increase.

I have attached a copy of the letter from Charleston Water Systems to SJWC and from SJWC to KIU related to the increase. In addition I have enclosed a schedule comparing the existing rate to the new rate resulting from this increase.

If you require any additional information to prepare the packet for the Public Service Commission please do not hesitate to contact me either by phone at (843) 768-0641 or email.

Sincerely,

A handwritten signature in cursive script that reads "Becky J. Dennis".

Becky J. Dennis  
General Manager

CC: Townsend Clarkson  
Steve Heyboer

**ST. JOHN'S WATER COMPANY, INC.**

Post Office Box 629  
John's Island, South Carolina 29457-0629  
Phone (843) 559-0186  
Fax (843) 559-0371

Board Members

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Thomas Legare, Jr., Vice Chair  
Albert Thompson, Jr., Sec/Treas  
Samuel D. Brownlee  
Ronald Coleman  
Becky J. Dennis  
Cindy M. Floyd  
Joseph W. Hall  
Robert M. Lee

October 26, 2010

Ms. Becky Dennis  
Kiawah Island Utilities  
32 Sora Rail Road  
John's Island, SC 29455

Re: 2010 – 2011 Rate Increase

Dear Becky,

Charleston Commissioners of Public Works has informed St. John's Water Company of a rate increase effective December 1, 2010. This new rate will be reflected on the usage reading as of December 31, 2010 as it is usually read on the last day of the month. The new rate has been computed to equal \$ 2.40 per one thousand gallons. Your current rate per thousand gallons is \$ 2.347.

At this time your O&M charges will not change until we receive information from the audit for year ending September 30, 2010.

If you have any questions, please call me at your convenience.

Sincerely,



Ava Robichaux  
General Manager





# Charleston Water System

93 St. Philip Street  
P.O. Box B  
Charleston, SC 29402  
(843) 727-6800  
www.charlestonwater.com

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David E. Rivers, Vice Chairman  
William E. Koopman, Jr., Commissioner  
Mayor Joseph P. Riley, Jr. (Ex-Officio)  
Councilmember Louis L. Waring (Ex-Officio)

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Kin Hill, P.E., Chief Executive Officer  
Dorothy Harrison, Chief Administrative Officer  
Wesley Ropp, CMA, Chief Financial Officer  
Andy Fairey, Chief Operating Officer  
Mark Cline, P.E., Capital Projects Officer

September 28, 2010

Ms. Ava Robichaux  
St Johns Water Company  
Post Office Box 629  
Johns Island, SC 29455

Subject: 2011 Wholesale Municipal Rate

Dear Ms. Robichaux:

This letter is to notify you that we have completed a review of our 2011 Revenue Requirements which was approved today by our Commissioners. The current Wholesale Municipality Charge is \$1.75 / Ccf. The new Wholesale Municipality Charge of \$1.79 / Ccf will be implemented on January 1, 2011.

If you have any questions, feel free to contact me at 727-6916. As always, we look forward to continuing our long-standing relationship.

Sincerely,

J. Wesley Ropp, CMA  
Chief Financial Officer

cc: Kin Hill, P.E., CEO  
Dorothy Harrison, CAO  
Mark Cline, CPO  
Andy Fairey, COO  
Jenny Hagan, Public Relations Manager  
Evelyn Ferguson, Director of Customer Service  
Gloria Fielding, Billing and Operations Supervisor

## Kiawah Island Utility, Inc.

	Consumption Rates	
	Old	New
<b>Rate Schedule # 1 - Residential</b>		
Tier #1 (up to 11,000)	2.55	2.61
Tier #2 (11,000 - 50,000)	2.93	2.99
Tier #3 (all over 50,000)	3.16	3.22
<b>Rate Schedule # 2 - Commercial</b>		
All water consumption	3.16	3.22
<b>Rate Schedule # 3 - Hotel</b>		
All water consumption	3.16	3.22
<b>Rate Schedule # 4 - Irrigation</b>		
Tier #1 (All up to 50,000)	2.93	2.99
Tier #2 (All over 50,000)	3.16	3.22
<b>Rate Schedule # 5 - Fire Hydrant Service</b>		
Temporary use by contractor	3.33	3.39
<b>Rate Schedule # 6 - Golf Course Irrigation</b>		
Effluent water	0.17	0.17
Deep Well water	0.20	0.20
Potable water	3.16	3.22
<b>Rate Schedule #7 - Fire Line Service</b>		
No consumption charge in the schedule	N/A	N/A